



**Office of the United States Attorney
District of Arizona**

PRESS RELEASE

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TAX PREPARER SENTENCED ON CONSPIRACY IN TRUST SCHEME

PHOENIX, ARIZONA -- The United States Attorney's Office for the District of Arizona announced that on June 29, 2005, James D. Sherriffs, 56, of Phoenix, Arizona, was sentenced to 12 months and a day by United States District Judge James A. Teilborg, in Phoenix, Arizona. The sentence also imposes on Sheriffs a restitution payment of \$482,252.68 and a 4-year restriction against preparing tax returns and doing bookkeeping services.

The sentencing follows a plea of guilty by Sheriffs in September of 2004 to a charge of Conspiracy to commit offense or to defraud the United States under Title 18, United States Code, Section 371.

According to the plea proceedings, Sheriffs agreed with Star L. Mathias to participate through PROTEC SERVICES TRUST (PROTEC) in the promotion and marketing to taxpayers of a system of trusts and to prepare tax returns for these taxpayers for the intended purpose of defrauding the United States by impeding the IRS from collecting the proper amount of federal taxes. In one such incident in October of 1996, Sheriffs and another representative of PROTEC met in Tempe, Arizona with a potential client of PROTEC for the purpose of promoting the PROTEC trust concept. During this meeting, Sheriffs stated he was a CPA licensed in Arizona, that he had a master's degree in taxation, and that the Austin, Texas office of the IRS had verified that the tax returns prepared on the basis of the PROTEC trust concept complied with the IRS. Sheriffs admitted these statements were false in that he knew he was not a CPA, that he did not have a master's degree in taxation and that the IRS had not verified the PROTEC trust concept. Sheriffs also admitted that he knew the PROTEC trust system was set up to evade the payment of federal taxes.

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This investigation was conducted by special agents of the Phoenix Field Office of IRS Criminal Investigation. The prosecution was handled by David Eisenberg, Assistant United States Attorney, District of Arizona, Phoenix, Arizona.

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